

PRIVREDNO DRUŠTVO ZGOP AD
EVIDENCIJA UGOVORA
Broj: 77/2021-42
Datum: 30.11.2021
NOVI SAD

No.NS1-CON-2021-005

Agreement for Novi Sad Station Superstructure Works


CHINA CIVIL ENGINEERING CONSTRUCTION CORPORATION BALKAN
OGRANAK BEOGRAD

AND


Company for construction, overhaul and maintenance of the railway "ZGOP" a.d.Novi
Sad

November 30, 2021

THIS SUBCONTRACT is made between:

Party A:

CHINA CIVIL ENGINEERING CONSTRUCTION CORPORATION BALKAN OGRANAK BEOGRAD duly incorporated pursuant to the law of the Republic of Serbia, having its registered office and principal place of business at Augusta Cesarca 27, 11000 Beograd, Serbia, registration no: 29507031 ,TIN No.: 109874997, represented by Mr. Chen Zhongzheng, Legal representative of the branch office (hereinafter also referred to as: **"Party A"**)

And

Party B:

Company for construction, overhaul and maintenance of the railway "ZGOP" a.d. Novi Sad duly incorporated pursuant to the law of Republic of Serbia for the company, having its registered office and principal place of business at 21000 Novi Sad, Vase Stajića 2 / III , Serbia, registration no: 08024596 , PIB no: 101889981 , represented by Zoran Stanojević , general director with the co-signature of Jelena Gnjatić (hereinafter also referred to as: **"Party B"**)

Whereas:

1、 Joint Venture CRIC-CCCC on July 7, 2018, together with the Ministry of Transportation, Construction and Infrastructure of the Republic of Serbia and Infrastructure of Serbian Railways Ltd. signed the " Commercial Contract for the Execution of Works on the Modernization and Reconstruction of the Hungarian-Serbian Railway on the territory of the Republic of Serbia, section Novi Sad - Subotica - State Border (Kelebija) " (hereinafter referred to as Commercial Contract) ;

2、 **Party A** is authorized to undertake all the execution of works on Civil and Track Engineering on the Project of Modernization and Reconstruction of the Hungarian-Serbian Railway in the territory of the Republic of Serbia, section Novi Sad - Subotica - State Border (Kelebija);

3、 Party A, with a desire to engage Party B to carry out the works related to Novi Sad Station Superstructure, on a subcontract basis (hereinafter referred to as the "**Subcontract Works**"), while Party B is willing to undertake all the execution of the Subcontract Works.

Party A and **Party B** have entered into a Subcontract (hereinafter referred to as the "**Subcontract**") in Belgrade on November 30 of 2021 after friendly consultation. The terms and conditions are set forth as follows for both parties to comply with.

Article 1 Definition

1.1 Commercial Contract Works: it refers to the Project on modernization and reconstruction of the Hungarian-Serbian railway in the territory of the Republic of Serbia section Novi Sad - Subotica - State Border (Kelebija)

1.2 Commercial Contract: it refers to the Commercial Contract and annexes as well as additional agreements, changes, claims and other relevant documents that were created during the execution of works between the Contractor and the Employer in relation with the Project on modernization and reconstruction of the Hungarian-Serbian railway in the territory of the Republic of Serbia section Novi Sad - Subotica - State Border (Kelebija) (hereinafter: the Project), signed by the Joint Venture CRIC-CCCC with the Government of the Republic of Serbia and Infrastructure of Serbian Railways Ltd. on July 7, 2018.

1.3 Main Contract Works: The scope of the NS-I bid section of this contract is divided into two parts: civil engineering and track. The civil engineering part is from Novi Sad to Rovočenac station (excluding), the starting and ending mileage is Km76+501-km128+849, the length is 52.348km, and the project content including the subgrade, bridges, road leveling and erection of the section, housing construction (not including independent four-electric equipment houses and corresponding supporting projects), catenary pillar foundation, cable troughs, pre-embedded pipeline casings, pipeline detection and relocation (including the relocation of pipelines within the railway and local pipelines), demolition of existing facilities, environmental monitoring, and fine-measuring network layout, etc. The track projects parts are all track projects except for the Subotica station line.

1.4 Main Contract: means the Main Contract signed by CRIC Serbia Branch and Party A

1.5 Subcontract Works: Novi Sad Station Superstructure.

1.6 Subcontract: means this Contract, namely the Subcontract signed by Party A and Party B for the execution of the Subcontract Works consisting of a Contract and its Appendixes.

1.7 Subcontract Price: means the price agreed on by Party A and Party B and defined in the Subcontract which shall be paid by Party A to Party B for completion of all the works defined in the Subcontract.

1.8 Day: means **calendar days**.

1.9 Employer: means the Government of the Republic of Serbia and Infrastructure of Serbian Railways Ltd.

1.10 Priority of Contract Documents

The documents forming the Contract are to be taken as mutually explanatory of one another. For the purposes of interpretation, unless otherwise agreed in the Contract, the priority of the documents shall be in accordance with the following sequence:

(1) This Contract

(2) Commercial Contract

(3) Design Documentation

(4) The Priced Bill of Quantities

(5) Dynamic plan, which must be agreed and accepted by both parties

(6) All the written consent, confirmation, memorandum, minutes and other documents related to the Subcontractor's scope of work agreed by the Contractor and the Employer during the performance of the Commercial Contract and the Contract, as well as other documents related to the Project signed by both parties during the contract period.

The above documents are an integral part of the Contract and have the same binding force on both parties. In case of any difference in understanding or interpretation of the Contract, Commercial Contract and other Agreements between the two parties, the Commercial Contract and the latest formed documents shall prevail.

In case of any ambiguity or inconsistency in the contract documents, both Parties shall negotiate for a solution, but the progress of the Project shall not be affected.

Article 2 General Provisions

- 2.1 Party A, intends to subcontract all the works related to Novi Sad Station Superstructure. defined in clause 1.5 and APPENDIX 1 to Party B. Party A is hereby to guarantee that Party A shall fully fulfill its obligations defined in the Subcontract to ensure due rights and interests of Party B.
- 2.2 Party B sufficiently understands the content and situation of the Commercial Contract Works and the Subcontract Works, and also understands that Party A's responsibilities to the Employer in all the Subcontract Works as defined in the Commercial Contract are Party B's responsibilities to Party A in the Subcontract. Party B is willing to abide by and perform all responsibilities and obligations related to the Subcontract Works as defined in the Commercial Contract unless request otherwise stipulated in the Subcontract. Party B agrees to execute the Subcontract Works according to relevant terms and conditions in the Commercial Contract and is willing to undertake the responsibilities and obligations defined in the Subcontract.
- 2.3 Based on the above-mentioned conditions Party A agrees to entrust Party B with the execution of the Subcontract Works and to pay the Subcontract Price according to the actual completion of the works in terms of the Subcontract.

Article 3 Composition of the Subcontract

- 3.1 The Subcontract consists of the following documents:
- (1) The Priced Bill of Quantities (Appendix 1)**
 - (2) List of personnel from Party B (Appendix 2)**
 - (3) List of the mechanization and tools on the construction site and list of devices and materials on the construction site (Appendix 3)**
 - (4) Work scope demarcation (Appendix 4)**
 - (5) List of the materials provided by the Party A (Appendix 5)**
 - (6) Dynamic plan (Appendix 6)**

Article 4 Responsibilities of Party A

- 4.1 As per the stipulations in the Commercial Contract regarding the provision of the work site by the Employer to Party A, Party A shall provide Party B with the work site and the access road for smooth passage to the site during the construction period. The costs occurred due to temporary facilities and transportation for execution of the Subcontract Works shall be borne by Party B. Provided that party A provides all the necessary installation material according to the submitted dynamic plan and list of materials, before the start of works, and Party A is fully responsible for quality of materials procured by Party A. Party B shall be responsible for the protection and storage of the delivered equipment and materials along with the completed works on the Site.
- 4.2 Party A shall be responsible for the internal and external communication and coordination during the execution of the Subcontract Works.
- 4.3 Party A shall supervise and check Party B's actual progress, quality and safety situation from time to time. Party A's supervision and inspection shall not relieve Party B from the responsibilities of completing the Subcontract Works according to the requirements in the Subcontract. Party A has the right to request Party B to remedy or rework the parts that fails to meet the standards or be proven as disqualified, or demand Party B to replace unqualified materials and equipment, or replace ineligible or incompetent personnel of Party B, including Party B's representative, but only on the condition that party B is responsible for those unqualified materials and equipment. Also, if the remedy or rework has to be carried out due to poor material or equipment supplied by Party A, Party B will perform the necessary works but the cost of such works will be borne by Party A. Party B will replace ineligible or incompetent personnel if Party A give adequate explanation for that replacement. If Party A demands the replacement of Party B's personnel, Party B shall send relevant successor in position within 14 days, and the handover time shall not be less than one month.
- 4.4 According to Party B's written request and plan, Party A shall organize communication and negotiation with respect to design, technology and construction between Party B and the Employer or its representative, and make arrangement for Party B to participate in the working meetings regarding the design and execution of various works interfaces organized by the Employer.

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- 4.5 Party A shall facilitate the work connection and coordination between Party B and other working parties so that Party B can proceed smoothly according to the approved design and construction plans.
- 4.6 In the event of a standstill or suspension of works that are caused by the fault of the Party A, all costs are borne by Party A. In the event of a standstill or suspension of works that are caused by the fault of the Party B, all costs are borne by Party B. If the project is suspended or suffers losses due to the responsibility of the Employer or a third party during the construction process, both Parties are responsible for themselves.
- 4.7 Party A is obliged to deliver materials and equipment in a manner and place that corresponds to party B, in order to speed up the work and reduce transportation costs. If the place of delivery of materials is more than 10 kilometers away from the construction site, Party B has the right to request compensation from the Party A for transportation costs.

Article 5 Responsibilities of Party B

- 5.1 Abide the Subcontract, conscientiously execute and complete all the work contents of the Subcontract works according to the construction time, dynamic plan, quality standards and norms according to the Contract (the Commercial Contract and to the Subcontract) and the instructions of the Employer or Party A.

Party B is fully responsible for quality of the project, equipment and materials procured by Party B, the safety in construction and the timely completion of the project. If Party B is not able to or will be not able to complete Subcontract Works before the deadline specified in this Subcontract, Party A has the right to cancel this contract and nominate other third party company as Party B to fulfil the rest part of the Subcontract Works, but only if Party B is responsible for the delay according to the dynamic plan . If rework is caused by Party B, the rework cost shall be borne by Party B.

Pursue to Party A requirements, Party B shall submit detailed project management plan (including Construction schedule,the Work Plan, Quality Control Plan and Safety Control Plan, Supply Plan, List of workers,), as well as all other documents required by the laws and regulations of Republic of Serbia, within 10 days after signing the Subcontract. The plan shall be executed on Party A's approval,

Party B shall provide workers and equipment that meet the construction requirements (whether it is construction schedule or construction quality). If the on-site construction workers and equipment do not meet the construction requirements, Party A has the right to request Party B to increase workers and equipment.

5.2 Party B should, in compliance with related provisions as stipulated in the Subcontract, take on all the responsibilities and obligations of Party A under the Commercial Contract relating to the Subcontract Works, as well as to all responsibilities and obligations of the Party A in accordance with applicable laws and regulations, and bear all the relevant risks and responsibilities. Party B shall be responsible for all the materials and work relating to the Subcontract Works s installation of installation and materials construction of civil works, required by Party B itself , construction of interfaces related to the project construction and/or the Employer's requirement, warranty maintenance of the local part, relevant personnel training as requested by the Employer and/or required by the Project, cooperation in the temporary operation and maintenance of Party B's own work in the warrant period. Party B shall bear all the costs and expenses in relation to the above mentioned. In the execution of the Subcontract Works, if Party B's behaviour or negligence causes Party A to breach the Commercial Contract, or if Party B breaches the Subcontract, Party B should compensate Party A for the losses thus incurred thereafter.

On the other hand, if the conduct or negligence of Party A leads to a breach of the Commercial Contract or this Subcontract, Party B has the right to claim compensation from Party A for the damage suffered.

5.3 Party B is obligated to submit monthly to Party A Work Progress Schedule and other forms and documents that may be required by Party A to ensure the completion of the Subcontract works as per Work Progress Schedule.

5.4 Party B is obligated to abide by the Serbian laws; comply with the administrative rules and regulations of local authorities regarding the traffic around the work site, construction noise, environmental protection and safety and civility in construction, as well as to any other applicable law or regulations in relation to the subcontract works.

5.5 Party B is obligated to cooperate with and make it convenient for supervision and inspection of the Employer, the Employer's representative and Party A. In the event of exceptional

cases or accidents, Party B should immediately notify Party A while taking active and effective remedy measures.

- 5.6 Party B is obligated to provide and employ on the construction site such skilled and workers as is necessary for the proper and timely execution of the Subcontract. The Party B shall be responsible for the recruitment, transportation, training, and accommodation and catering of all employees and workers required for the execution of the Subcontract and for all payments in connection therewith. The Party B shall at all times during the progress of the Subcontract use its best endeavour to prevent any unlawful, riotous or disorderly conduct or behaviour by or amongst its employees and workers.
- 5.7 Party B should be fully responsible for the safety in construction of the Subcontract works. Party B shall be obliged to undertake any safety measures on the Site in order to ensure the security of adjacent objects, works, equipment, devices, installations, workers, traffic, the environment and property. Accordingly Party B should set up a sound and necessary safety and security system to ensure personnel safety of its staff, local employees and workers and provide them with the safety equipment. It should commit itself to accident occurred and problems and damages arising from the accident. (The related losses caused by Party B, such as the Employer, Party A's personnel and property, etc. shall be borne by Party B)
- 5.8 The Value Added Tax amount calculated according to the related laws is not included in the Subcontract price. All taxes and fees (including salary tax and mandatory social contributions of Party B's personnel), exclusive of VAT shall be borne by Party B.
- 5.9 Party B should not assign the Subcontract Works to any third party without written approval of Party A. Also, from the moment of concluding this Subcontract, Party A undertakes not to perform the works that are the subject of this Subcontract, nor will it contract the performance with other parties without the written consent of party B. If Party A violates this obligation, Party B has the right to claim damages and lost profits.
- 5.10 During the execution of the subcontract, Party B shall actively cooperate with Party A with internal and external communication and coordination.
- 5.11 Party B is obliged to assist party A to filling out the construction log and construction book during construction works, records of construction process, and records of hidden works and retain image data.

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- 5.12 Party B shall arrange the security personnel for onsite protection, and Party B shall provide the safety protective equipment for on-site construction. If Party B damage existing railway equipment, Party B shall be responsible and spending for rework or compensation.
- 5.13 If there are other new or ancillary projects within the scope of Party B's subcontracted project, Party B shall accept Party A's request for construction, and the price will be negotiated separately.
- 5.14 If Party A needs to split this subcontract into a material procurement contract and a work subcontract, Party B shall cooperate under the condition that the contract conditions and total contract price remain unchanged.

Article 6 Construction Period, Defect Liability Period

- 6.1 The construction period of Party B shall be determined according to Party A's dynamic construction plan which must be agreed and accepted by both parties. The dynamic plan is divided into two parts, The first part is the dynamic plan for the opening of the railway from Belgrade to Novi Sad, The second part is all the remaining work of this subcontract Novi Sad station. The dynamic plan of the second part is not determined, Party B has fully considered the time required for this part of the work. Party B promises to start the subcontracting project and complete it in accordance with the Dynamic plan. The construction period of each individual project is as follows:

Party B shall start the subcontracting work within 7 days after Party A issues the official start-of-work notice.

Party B shall commence and complete the Subcontract Works according to the Dynamic plan which is approved by both parties. The extension of construction period shall conform to the relevant terms and conditions defined in the Commercial Contract and shall be approved by the Employer or its representative and Party A. If the Party B becomes aware that a delay in the performance of the Subcontracted Works within the agreed term is possible or certain, it shall notify the Party A accordingly and shall exert all reasonable efforts to prevent the delay, i.e. it shall propose measures for remedying the consequences and reorganizing the dynamics

in the performance of the Subcontracted Works. In the case of a delay in the fulfillment of the Subcontracted Works within the agreed term, which delay is caused by Party B's fault, the Party B shall be obliged to undertake, at its own expense, all reasonable measures in order to rectify the consequences of the delay.

The Party A is entitled to charge the Party B the amount of 0.025% of the Subcontract Price as liquidated damage for each day of delay in the fulfillment of the assigned obligations, up to a maximum amount of such liquidated damage of 5 % of the Subcontract Price.

6.2. The Party B shall be responsible for the deficiencies in the performed works and delivered goods for a period of 12 months from the acceptance of the works, i.e. 12 months from the receipt of the Taking over Certificate (Defects Liability Period). The warranty period is executed in accordance with the reasonable service life specified in the Serbian national laws and regulations, industry regulations and design documents.

Any deficiency in the fulfillment of the subcontracted works shall be rectified by the Party B at its own expense.

Party A shall be entitled to retain 5% of the Accepted Subcontract Amount as warranty for the performance of above mentioned works, Until the end of the defect liability period. Retention money shall be 5% of the Subcontract price. The Contractor shall, starting from the first payment period, deduct from each payment period 5% of the Contract payment amount of each period corresponding to the payment certificate for the completed works, till the total retention money amount withheld reaches the agreed amount or proportion. The calculated amount of retention money does not include the payment of advance payment and the amount of deduction. The retention money shall bear no interest.

If the Party B fails to rectify the deficiencies within the specified term that is noted in the mutually agreed and signed report, the Party A shall be entitled to rectify the deficiencies itself or by engaging a third party at the expense of the Party B.

In case of the failure of the Party B to fulfill the obligations during the Defect Liability Period, the Party A shall be entitled to retain Retention money, but only in the amount of damage occurred and it obliges to return the difference to Party B upon expiry of Defect Liability Period.

After issuing the Taking Over Certificate for Subcontract Works, Party B has the right to exchange Retention Money with bank guarantee securing removal of defects in the warranty

period. The submitted bank guarantee for defects in the warranty period should be in the amount of 5% of the Accepted Contract Amount with validity term 28 days longer than the defect liability period. After delivering the mentioned guarantee, Party A has the obligation to return Retention Money to Party B.

The bank guarantee described in this Article must have a clause that it is irrevocable, unconditional and payable at first call without objection according to the international rules URDG 758.

Article 7 Subcontract price and Payment terms

- 7.1 This contract is a unit price contract, the tentative contract amount is 1423397.10 EUR, and the final settlement of the project quantity is based on the construction drawings and on-site acceptance of actual performed subcontract works. The price of the subcontract includes all the obligations of the subcontractor under this contract, that is, the construction machinery, equipment, materials and losses, labor, installation, completion acceptance and Engineering survey, testing, debugging, and defect repair required to complete the contract project in accordance with the engineering standards. Quality and safety inspection, safety protection fee, management fee, temporary and transitional engineering fee, engineering maintenance fee, insurance fee, profit and other expenses. The Subcontract Price shall be quoted in EUR and Payment shall be executed in RSD counter value, by applying middle exchange rate of the National bank of Serbia, valid at the date of payment.
- 7.2 The unit prices of various items in the Subcontract Works are corresponding unit prices specified in the Article 3.1 (1) (See attached Appendix 1, The Priced Bill of Quantities), Payment shall be calculated at the unit price in the attached Appendix 1. Items included in the construction drawing design documents but not reflected in the "The Priced Bill of Quantities" in Appendix 1 are deemed to have been included in other items in the "The Priced Bill of Quantities" in Appendix 1.
- 7.3 Party B shall, before the 25th day of each month, provide Party A with the list of contents of the project completed in the current month (application form provided by Party A), which shall be confirmed by Party A. Party A confirms the content of the project completed by Party B, After Party B provides Party A with a payment certificate that complies with local regulations. Interim / Final Payment Certificate shall be formed on a monthly basis

according to achieved progress of works and unit prices from the Priced Bill of Quantities, which represents Appendix 1.

The Party A after the submission of the Interim and/or Final Payment Certificate, will perform control within 14 days, whether the Interim and/or Final Payment Certificate is issued in accordance with the performed works and other conditions of this Agreement. If Interim and/or Final Payment Certificate are not compatible with the performed works and other conditions of this Agreement the Party A may object and return it to the Party B for correction. Otherwise, the Party A is obliged to certify the Interim and/or Final Payment Certificate within in this paragraph stipulated deadline.

Party B shall provide invoices in compliance with local laws and regulations based on the payment certificate confirmed by both parties; Party A shall pay Party B within 45 days after receiving the invoice.

If the work done by Party B does not meet the Employer requirements, the payment can be temporarily deducted for this part of the cost, and this part of the cost will not be calculated and paid until the part of the work is completed and meets the requirements.

If Party B fails to perform work or perform its obligations in accordance with the contract, and Party A has notified the Party B, it can withhold the value of the work or obligation until the work or obligation is performed.

7.4 Party B shall provide Party A with the performance guarantee within 10 days after signing the subcontract.. Performance guarantee in should be in the amount of 10% of the Accepted Contract Amount with validity term 28 days longer than the completion of the project as agreed in this Subcontract.

7.5 Party B shall provide the advance payment guarantee to party A within 3 days after signing the subcontract. The amount of advance payment guarantee shall be 10% of the contract amount, and the term of validity shall be 28 days longer than the agreed term of deadline for completion of construction work. subsection project acceptance. Upon receipt of the advance payment guarantee, party A shall provide party B with 10% advance payment of the contract amount.

The advance payment for the project will be deducted from the progress payment, and 15% of the bill amount will be deducted from each interim payment certificate until all the advance payment is deducted. Before the project acceptance certificate is issued, when the

contract is terminated due to force majeure or other reasons, if the advance payment has not been deducted, the balance of the advance payment that has not been deducted shall be regarded as the due payable of the subcontractor.

7.6 Performance guarantee must be irrevocable, at the first call and pre-approved by the Party A.

7.7 All bank guarantees described in this Article must have a clause that it is irrevocable, unconditional and payable at first call without objection according to the international rules URDG 758.

Article 8 Variation and Compensation claim

8.1 Terms of contract variation:

In case of major variation in the Commercial Contract, the corresponding part of the subcontract shall vary accordingly.

8.2 Any changes made by the subcontractor on this project shall meet the relevant stipulations in the Commercial Contract

In case of adjustment of price of the Commercial Contract or the change of construction period of Commercial Contract works, the Subcontract price or construction period shall be adjusted accordingly in the light of the adjustment of the price and the construction period made in the Commercial Contract.

8.3 If claim for compensation occur within the scope of subcontracted works and the claim has granted by the Employer through joint efforts of Party A and Party B, the Parties agree to claim for compensation from the Employer in proportion to the actual costs.

8.4 For issues of variation, price adjustment, compensation claim or extension of construction period, Party B shall do a good job of basic data collection, arrangement and archive keeping and submit them to Party A as required.

Article 9 Standard specifications, Final acceptance and Quality guarantee

- 9.1 The engineering standards and specifications related to the subcontracted works as stipulated in the Commercial Contract are applicable to the Subcontract works.
- 9.2 Party B shall make a good preparation for the final acceptance as required by the Employer. Party B shall present a complete set of completion documents with a submitted to Party A. For Final acceptance for completion of the subcontracted works, the certificate of Final acceptance for the subcontract works issued by the Employer to Party A.

Article 10 Site Clearance

- 10.1 In the course of carrying out the Subcontract, the Party B shall keep the construction site reasonably free from all unnecessary obstruction, store or remove any surplus materials, clear away any wreckage, rubbish or temporary works from the construction site, and remove any Party B's Equipment no longer required for execution of the Subcontract.
- 10.2 After Completion of all works under this Subcontract, the Party B shall clear away and remove all its wreckage, rubbish and debris of any kind from the construction site, and shall leave the construction site in a clean and safe condition.

Article 11 Force majeure

- 11.1 "Force Majeure" shall mean any event beyond the reasonable control of the Party A or of the Party B, as the case may be, and which is unavoidable notwithstanding the reasonable care of the party affected, and shall include, without limitation, the following:
- (a) war, hostilities or warlike operations (whether a state of war be declared or not), invasion, act of foreign enemy, civil war;
 - (b) rebellion, revolution, insurrection, mutiny, usurpation of civil or military government, conspiracy, riot, civil commotion, terrorist acts;

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- (c) confiscation, nationalisation, mobilisation, commandeering or requisition by or under the order of any government or de jure or de facto authority or ruler or any other act or failure to act of any local state or national government authority;
 - (d) strike, sabotage, embargo, import restriction, port congestion, lack of usual means of public transportation and communication, industrial dispute, shipwreck, shortage or restriction of power supply, epidemics, quarantine, plague;
 - (e) earthquake, landslide, volcanic activity, fire, flood or inundation, tidal wave, typhoon or cyclone, hurricane, storm, lightning, or other inclement weather condition, nuclear and pressure waves, or other natural or physical disaster;
 - (f) shortage of labour, materials or utilities where caused by circumstances that are caused by circumstances that are themselves force majeure,

11.2 If either party is prevented, hindered or delayed from or in performing any of its obligations under the Subcontract by an event of Force Majeure, then it shall notify the other in writing of the occurrence of such event and the circumstances thereof within three (3) days after the occurrence of such event.

11.3 The party who has given such notice shall be excused from the performance or punctual performance of its obligations under the Subcontract for so long as the relevant event of Force Majeure continues and to the extent that such party's performance is prevented, hindered or delayed.

11.4 The party or parties affected by the event of Force Majeure shall use reasonable efforts to mitigate the effect thereof upon its or their performance of the Subcontract and to fulfil its or their obligations under the Subcontract, but without prejudice to either party's right to terminate the Subcontract.

11.5 No delay or non-performance by either party hereto caused by the occurrence of any event of Force Majeure shall:

- (a) constitute a default or breach of the Subcontract; or
- (b) give rise to any claim for damages or additional cost or expense occasioned thereby, if and to the extent that such delay or non-performance is caused by the occurrence of an event of Force Majeure.

11.6 If the performance of the Subcontract is substantially prevented, hindered or delayed for a single period of more than sixty (60) days or an aggregate period of more than one hundred and twenty (120) days on account of one or more events of Force Majeure during the currency of the Subcontract, the parties will attempt to develop a mutually satisfactory solution, failing which either party may terminate the Subcontract by giving a notice to the other.

Article 12 Responsibilities for breach of Contract

12.1 Breach of the Contract

12.1.1 In case Party A does not honour the Subcontract or does not fulfil its obligations as stipulated in the Subcontract, Party A shall be liable for breach of Contract and shall compensate Party B for its economic losses due to the breach.

12.1.2 In case Party B does not fulfil its obligations specified in the Subcontract or does not fulfil subcontract-specified obligations, Party B shall be liable for breach of the Contract and shall compensate Party A for its economic losses due to the breach.

12.2 In case the breach of Subcontract due to default of Party B has caused breach of contract as Party A to the Employer which results in punishment on Party A imposed by the Employer, Party B shall bear the loss suffered by Party A as punishment imposed by the Employer.

12.3 None of the parties shall be responsible for any special, incidental, indirect, consequential loss (including but not limited to Loss of profits or income, business opportunities or business relations damage, data loss) because of this Contract or related to this Contract.

12.4 If Party B's fault causes damage to the project, materials, engineering equipment, and public facilities, Party B shall bear the repair costs.

12.5 If Party B fails to take safety production measures as required by the regulations or there are hidden dangers in production safety, it shall immediately rectify. Party A issued a written instruction requesting rectification, and Party A has the right to impose penalties on Party B if the rectification content is not rectified or the rectification is not in place.

12.6 In the event of the following breach of contract by Party B, Party A may notify Party B to terminate the contract immediately. After the contract is terminated, Party A may send

personnel to the site, organize additional personnel or entrust other contractors to construct. However, this action of Party A does not exempt Party B' s liability for breach of contract, nor does it affect Party A' s right to claim in accordance with the contract.

12.6.1 Party B privately transfers all or part of the contract's rights to another person, or privately transfers all or part of the contract's obligations to another person

12.6.2 Party B uses unqualified materials or engineering equipment, and the quality of the engineering fails to meet the standard requirements, and refuses to remove the unqualified engineering;

12.6.3 During the warranty period, Party B fails to repair the content of the defect list listed in the project acceptance certificate or the defects that occurred during the warranty period, and refuses to repair it according to the instructions of Party A;

12.6.4 Party B is unable to continue to perform or expressly indicates that it will not perform or has substantially stopped performing the contract;

12.6.5 Other situations where Party B does not perform its obligations as agreed in the contract.

12.6.6 After the termination of the contract, Party A assesses the value of the work actually completed by Party B, suspends all payments to Party B, and checks all payments and deducted amounts, including the liquidated damages that Party B should pay.

12.6.7 After the termination of the contract, Party A claims to Party B for the losses caused to Party A due to the termination of the contract. After the parties to the contract confirm the above-mentioned balances, they will issue a final settlement certificate to settle all contractual payments.

12.6.8 If Party A and Party B fail to reach an agreement on the settlement after the termination of the contract and a dispute arises, the dispute shall be settled as agreed in the contract.

Article 13 Solution to disputes and Applicable laws

13.1 In case of dispute in the course of executing the Subcontract, the two parties shall consult each other in a friendly manner. In case of failure in the mutual consultation, any of the two

parties can bring the case to in accordance with the arbitration regulations. The arbitration venue is the Chamber of Commerce and Industry of Serbia. The arbitration is final and binding for both parties. The arbitration cost shall be borne by the party who lost the case. During the arbitration, both parties shall respectively fulfil their obligations and responsibilities according to the Subcontract.

13.2 The Serbia laws are applicable to establishment, effectiveness, explanation, execution and resolution of dispute related to the Subcontract.

Article 14 Validity, Cancellation and Termination of the Subcontract

14.1 The Subcontract takes effect from the date when the Subcontract is signed by authorized signatories of both parties, stamped with both corporate seals. This subcontract will be terminated on the completion of both parties' obligations and responsibilities fulfillment.

14.2 The Subcontract shall be cancelled or terminated under the following circumstances:

- (1) The Subcontract becomes impossible to be executed due to force majeure;
- (2) The Commercial Contract is cancelled;
- (3) Both Parties agree to cancel the Subcontract.

In the event of the above mentioned 3 cases, the two parties shall consult each other for a solution.

Article 15 Notices

15.1 All notifications, requests, instructions, documents and any other type of communication between the parties hereto shall be made in accordance with the contact details (contact person, suitable address/e-mail address, phone number), as follows:

Party A's address for notice purposes:

Contact person: YANG,DEYAO

Address: Hotel Sajam, Hajduk Veljkova 11 Novi Sad 21000 ,Serbia

E-mail: ccjvcon@163.com

Phone: +381698073722

Party B's address for notice purposes:

Contact person: Nikola Arsenović

Address: 21000 Novi Sad, Vase Stajića 2/III, Srbija

E-mail: nikola.arsenovic@zgop.rs

Phone: +381 (63) 689-218

15.2 All notifications, requests, instructions, documents and any other type of communication between the parties hereto shall be made in writing, except short notices and other communication not connected with the fulfillment of essential obligations from this Contract, including, but not limited to scheduling meetings between the parties.

15.3 It shall be deemed that the notification and any other type of communication has been delivered to the other Party:

- (a) in case of delivery by registered mail or courier, in the moment of signing the delivery receipt or
- (b) in case of sending by e-mail, in the moment when the subject e-mail message appears in the *inbox (received)* folder of the e-mail recipient.

15.4 In case the receipt of the notification in the manner referred to in the previous paragraph occurs after 05.00pm during a business day (Monday-Friday), bearing in mind the time zone applicable in the Republic of Serbia, or on the day considered as non-business day in accordance with the regulations applicable in the Republic of Serbia, it shall be deemed to be received on the first next business day at 09.00am.

15.5 In case of change of contact details referred to in the paragraph 15.1, the party whose contact details have been changed is obliged to inform the other party regarding such change the next business day the latest.

Article 16 Language

- 16.1 All Subcontract Documents, all correspondence and communications to be given, and all other documentation to be prepared and supplied under the Subcontract shall be written in English, and the Subcontract shall be construed and interpreted in accordance with that language.
- 16.2 If any of the Subcontract Documents, correspondence or communications are prepared in any language other than the governing language under paragraph 16.1 above, the English translation of such documents, correspondence or communications shall prevail in matters of interpretation.

Article 17 Confidential Information

- 17.1 The Party A and the Party B shall keep confidential and shall not, without the written consent of the other party hereto, divulge to any third party any documents, data or other information furnished directly or indirectly by the other party hereto in connection with the Subcontract regardless of whether such information has been furnished prior to, during or following termination of the Subcontract.

Party A agrees that Party B presents the Subcontract to the Bank in order to receive banking guarantees and instituting a pledge over the Subcontract, if so required by the Bank.

- 17.2 The Subcontract is confidential to any third party. Without consent in writing by Party A, Party B should not disclose the design documents or shop drawing to any third party. Without Party A's consent in writing, Party B should not disclose any documents or materials related to the Commercial Contract and the Subcontract to any third party or use it for any other project other than the Commercial Contract project.
- 17.3 The Party A shall not use such documents, data and other information received from the Party B for any purpose other than the fulfillment of obligations referred to in this contract. Similarly, the Party B shall not use such documents, data and other information received from the Party A for any purpose other than the execution of works under this contract or such other work and services as are required for the performance of the Subcontract.

17.4 The obligation of a party under paragraph 17.1 and 17.2 and 17.3 above, however, shall not apply to that information which:

can be proven to have been possessed by that party at the time of disclosure and which was not previously obtained, directly or indirectly, from the other party hereto; or

(b) otherwise lawfully becomes available to that party from a third party

17.5 The above provisions shall not in any way modify any undertaking of confidentiality given by either of the parties hereto prior to the date of the Subcontract in respect of the execution of works thereof.

17.6 The provisions of this Article 17 shall survive termination for whatever reason of the Subcontract.

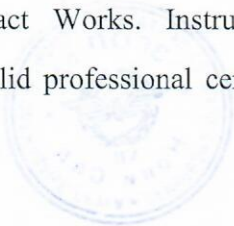
Article 18 Agreement on implementation and application of the prescribed safety measures

18.1 During execution of the contractual obligations and during stay at the construction site, the Party B shall fully comply with all safety and health- protection rules, pursuant to the Art. 19 of the Law on Safety and Health at Work I (Official Gazette of the Republic of Serbia No. 101/2005),

18.2 The Parties shall coordinate activities, relating to reduction and mitigation of risks I for personal injury of the employees, and shall inform each other, and their employees, on risks and measures for their reduction and removal.

The Party B shall provide insurance for his engineers and workers engaged on Site (the accident and emergency sickness insurance must be provided). And should submit the list and ID No, of his engineers and workers to General Party A for recording (General Party A shall be notified of any changes and updates to this list in timely manner), In case of loss by accident within the scope of Subcontracted Works executed by Party B, Party B shall assist Party A in claiming on insurance.

18.3 Work of the Officer for coordination for implementation of the measures for ensuring safety and health of employees, shall be performed by a representative delegated by the Party B (pursuant to the Art. 19 of the Law on Safety and Health at Work)

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- 18.4 The Party B undertakes to provide the measures of personnel protection for his employees on the stated Subcontract Works and according to the requirements of safety company employed by General Party A and Engineer.
- 18.5 The Party B shall be solely and exclusively liable for each damage, or accident, sustained by his employees or third parties (including damage to their property), which arise out of execution of the Party B's contractual obligations or his conduct (including its omissions). The Party B, his employees or third parties, shall not have, or raise, any demands, or claims, against the General Party A on these grounds.
- 18.6 The Parties agree that Article 18 of this Contract, shall be deemed the Agreement on implementation and application of statutory measures for safety and health protection of persons engaged at the site, by the Parties, regardless of whether such persons are engaged as employees or otherwise.
- 18.7 The Party B shall fully comply with the regulations concerning environmental protection as well as with the rules and procedures concerning conduct at the Site.
- 18.8 In terms of safety at work, the Party B shall:
- notify the relevant authority as to commencement of the Subcontract Works;
 - prepare the act on the implementation of the protective measures at work;
 - train his personnel for the safe work;
 - determine physical/psychological capability of his personnel before allocation to work positions with special working conditions;
 - fully execute instructions of the Coordinator for the works in accordance with the provisions of Article. 6 and 13 of the Regulation on safety and health at work at temporary or mobile construction sites (Official Gazette of the Republic of Serbia 14/2009 and 95/2010);
 - instruments, manual or mechanical have to be technically In order, during the process of execution of the Subcontract Works. Instruments, which are subject to periodical examination, must have a valid professional certificate at the moment of execution of the Subcontract Works.
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Article 19 OTHER PROVISIONS

19.1 The Party B shall not, without the express prior written consent of the Party A, assign to any third party the Subcontract or any part thereof, or any right, benefit, obligation or interest therein or thereunder.

19.2 Party B knows that Party A's acceptance of Party B as a subcontractor of this project must be approved by the owner. In the event if Employer does not approve Party B as the Sub-Contractor for the works for whatsoever reasons, this Contract shall be null and void and both parties agree not to have any kind of claims on whatsoever grounds against each other.

19.3 For matters not covered herein, the Contractor and the Subcontractor may enter into an appendix or supplementary agreement, which shall have the same legal effect as the Contract.

19.4 The appendix is an integral part of the Contract and has the same legal effect as the Contract.

19.5 This contract is made in four counterparts, with two held by party A and two held by party B.

Signed by:

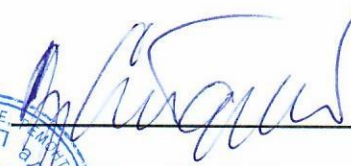
For and on behalf of Party A:



Mr. Chen Zhongzheng

legal representative of the branch office

For and on behalf of Party B:



Mr. Zoran Stanojević, general director


co-signatuere Jelena Gnjatić